



DEPARTMENT OF THE NAVY
NAVAL SUPPLY SYSTEMS COMMAND
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TELEPHONE NUMBER
COMMERCIAL
AUTOVON
IN REPLY REFER TO:

5200
Ser 4263F/234
20 Apr 98

From: Commander, Naval Supply Systems Command (SUP426)
To: Commanding Officer, Fleet and Industrial Supply Center,
Yokosuka

Subj: BUSINESS CASE ANALYSIS (BCA) FOR REGIONAL COSBAL INVENTORY
MANAGEMENT WITH FISC YOKOSUKA AND THE COMMANDER SUBMARINE
GROUP SEVEN

Ref: (a) BCA for Commander Submarine Group Seven of 3 Mar 98

1. Reference (a) is approved. We appreciate your effort in developing this BCA.
2. Please forward a copy of the final ISA/MOA to this office upon completion.
3. Questions may be directed to Mr. Gordon Rudacille, NAVSUP 4263F, 717-790-3144, DSN 430-3144.


W. A. BROWN
By direction

Copy to:
NAVICP M0416

TELEFAX TRANSMISSION COVER SHEET

UNCLASSIFIEDDATE 3 APRIL 1998

FROM:

FISC YOKOSUKA (CODE 46)NAME: CDR BLACKOFFICE PHONE NO.: 243-6995FAX NO.: 243-6184RESPONSE REQUIRED: YES ☒ NO ☐OFFICIAL CORRESPONDENCE: YES

OTHER: _____

NO. OF PAGES INCLUDING THIS PAGE 6

TO:

ACTIVITY: NAVAL SUPPLY SYSTEMS COMMAND (SUPO4)OFFICE PHONE NO.: CDR ANDY BROWN/MS. NANCY HARRISFAX NO.: 717-790-6903

COMMENTS:

ANDY —
Would appreciate quick turn-around
on this BCA... we want to sign
an MOA before 18 April 98, which is
when the current CSOs (RADM Konetani)
has a COC. This BCA supports
CSBAL regionalization.

Thx and V/R
Max

DEPARTMENT OF THE NAVY
COMMANDER, SUBMARINE GROUP SEVEN (96349-0053)
U.S. FLEET AND INDUSTRIAL SUPPLY CENTER (96349-1500)

FISC
4400
Ser 46/0654
02 APR 1998

COMSUBGRUSEVEN
4400
Ser 00/285

03 APR 1998

JOINT LETTER

From: Commander, Submarine Group Seven
Commanding Officer, U.S. Fleet and Industrial Supply
Center, Yokosuka

To: Commander, Submarine Force, U.S. Pacific Fleet
Commander, Naval Supply Systems Command (SUP 04)

Subj: PARTNERSHIP ESTABLISHMENT BETWEEN COMMANDER, SUBMARINE
GROUP SEVEN (COMSUBGRU SEVEN) AND U.S. FLEET AND
INDUSTRIAL SUPPLY CENTER, YOKOSUKA

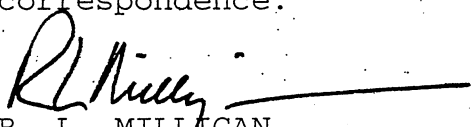
Ref: (a) CNO WASHINGTON DC 1412240Z Aug 97
(b) CINCPACFLT PEARL HARBOR 010134Z Apr 97
(c) NAVSUP Business Case Analysis Guidelines, Mar 95


Encl: (1) Business Case Analysis (BCA) for the regionalization
and inventory management of CSG-7's Coordinated
Shorebased Allowance List (COSBAL)

1. In support of references (a) and (b), a Business Case
Analysis (BCA) was completed using reference (c) to determine the
potential to establish a partnership between Commander, Submarine
Group Seven (CSG-7) and U.S. Fleet and Industrial Supply Center
(FISC), Yokosuka.

2. An inventory management partnership between Commander,
Submarine Group Seven and FISC supports CNO/NAVSUP infrastructure
and inventory reduction initiatives and supports DOD Total Asset
Visibility (TAV) goals.

3. Once enclosure (1) is approved, a Memorandum of Agreement
(MOA) will be jointly developed and forwarded under separate
correspondence.


R. L. MILLIGAN
Captain, SC, USN
Commanding Officer
FISC Yokosuka


A. H. KONETZNI
Rear Admiral, USN
Commander
Submarine Group Seven

COMMANDER SUBMARINE GROUP SEVEN
And
U. S. FLEET AND INDUSTRIAL SUPPLY CENTER, YOKOSUKA
REGIONAL COSBAL INVENTORY MANAGEMENT
BUSINESS CASE ANALYSIS

1. INTRODUCTION.

1.1 Purpose.

This report provides the results and recommendations of a Business Case Analysis (BCA) to establish a partnership between Commander Submarine Group Seven (CSG-7), Yokosuka, Japan and U. S. Fleet and Industrial Supply Center, Yokosuka, Japan (FISC), for the regionalization and inventory management of CSG-7's Coordinated Shorebased Allowance List (COSBAL).

1.2 Background.

FISC Yokosuka holds Navy Intermediate Level Retail Inventory (BP28) to support customers in Japan and in the Western Pacific. CSG-7 carries 1,265 consumer level line items to support their communications center. This inventory is authorized by a COSBAL which is a consolidated listing of spares, repair parts and consumable items tailored to the requirements of shore activities to support organizational level maintenance of authorized equipment. To support CNO/NAVSUP infrastructure and inventory reductions initiatives and to support DOD Total Asset Visibility goals, COSBAL(s) are being incorporated into Regional COSBALs as part of FISC intermediate inventory levels. This allows redundant allowances to be optimized / singled up to support a region. Regional COSBAL allowances are computed annually by the Inventory Control Point (ICP) and are promulgated to FISC in the Operational Support Inventory Stock List (OSISL). The OSISL identifies all the ICP computed quantities applicable to the regional COSBAL holders. FISC Yokosuka currently supports eight COSBALs in its regional COSBAL.

1.3 Concept of Operations.

Under the proposed partnership, CSG-7 will transfer all consumer level assets authorized by current NAVICP COSBAL documents to FISC Yokosuka as an Other Supply Officer (OSO) transfer. In essence, the CSG-7 inventory will be decapitalized to FISC. FISC Yokosuka will accept 100% of the shipment and will retain in stock in accordance with established retention criteria. Numeric Stockage Objectives (NSO) would initially be established pending establishment of OSISL and Regional COSBAL allowances.

1.4 Scope.

This proposal specifically addresses CSG-7 COSBAL inventory management. CSG-7 will continue to provide supply support in terms of requisition preparation and receipt of DTO material.

1.5 Objective:

The objective of this BCA is to evaluate the financial and supply management benefits of regionalizing the CSG-7 COSBAL.

1.6 Major Assumptions.

1.6.1 Transfer of COSBAL inventory will occur at Memorandum of Agreement (MOA) implementation.

1.6.2 Upon approval of this BCA, FISC and CSG-7 will develop a Memorandum of Agreement (MOA) to define the following:

- (a) Performance standards for level of service provided to CSG-7.
- (b) Details regarding inventory turnover.

1.6.3 FISC and CSG-7 will develop an Intra-Service Support Agreement (ISSA) to define any reimbursable / non-reimbursable services.

1.7 References.

- a. CINCPACFLT, HI MSG 022233Z APR 97.
- b. Data call listing CSG-7 COSBAL stock numbers / qty / on hand balance / dollar value.
- c. NAVSUP Business Case Analysis Guidelines, March 1995.

2.0 FUNCTIONAL REQUIREMENTS.

2.1 Overview of Current Operations.

2.1.1 CSG-7 - CSG-7 maintains an inventory of 1,265 number of line items valued at \$200,000. Of the items, 845 line items, at a dollar value of \$161,740 are carried by FISC.

2.1.2 FISC - FISC maintains a material management staff to support 155,000 line items, with a dollar value of over \$497M. FISC currently manages, reconciles, and stocks regional COSBAL allowances for eight other commands.

2.2 Requirements.

2.2.1 CSG-7: CSG-7 is seeking a reduction in inventory infrastructure and an increase in productivity through COSBAL regionalization by freeing up supply support personnel from inventory management functions. Current levels of service must be maintained or improved. The measures of effectiveness will be established in the Memorandum of Agreement.

2.2.2 FISC Yokosuka: FISC will provide asset visibility and cost effective service at the same or better level to SUBGRU-7.

3. FUNCTIONAL ANALYSIS.

3.1 BCA Methodology.

A BCA team, made up of representatives from both FISC and CSG-7, was formed and conducted on site visits to discuss efficiencies. The FISC Business Office personnel reviewed inventory data calls in conjunction with information provided in references (a) and (b). The BCA was conducted using reference (c).

3.2 Baseline Cost Analysis: NAVICP additions to the CSG-7 COSBAL are funded by the NAVSEA Technical Operating Budget (TOB). CSG-7 Supply is staffed with 3 personnel, including an E-5 Storekeeper whose billet is slated for release with no replacement scheduled. Productivity increases will occur by freeing up time from performing inventory and COSBAL management (ordering allowance deficiencies/receiving material). FISC will perform CSG-7's inventory management without any increases in ADP costs.

3.3 Implementation Strategy.

CSG-7 will transfer all consumer level assets authorized by current NAVICP COSBAL documents to FISC Yokosuka as an Other Supply Officer (OSO) transfer. No implementation costs are expected, other than the movement of material to FISC warehouses and taking up the material on inventory records.

3.4 Benefits.

Regionalizing CSG-7's COSBAL will:

- a. Reduce duplicative inventory functions and decrease duplicative inventory held at CSG-7, by \$161,740.
- b. Support the Navy / DOD Total Asset Visibility (TAV) initiative using the UADPS inventory management system.
- c. Free up CSG-7 supply personnel, including reservists, to perform core

- logistic support for deployed submarines.
- d. Take advantage of FISC's inventory management expertise.

FISC is already designated a Regional COSBAL holder for eight other commands in Japan. Their allowances are included in our OSISL.

3.5 Comparison of Status Quo vs. FISC Proposal.

3.5.1 CSG-7 Status Quo - Currently, CSG-7 receives and processes NAVICP Monthly COSAL Maintenance Action Reports (MCMAR) in accordance with NAVICP / local directives. COSBAL additions are requisitioned using NAVSEA TOB funding. Deletes and decreases are also processed IAW NAVICP / local directives. Upon receipt of material it is brought into inventory and the outstanding requisition is completed. CSG-7 also completes all required inventories.

3.5.2 FISC Proposal - Under the proposed partnership, COSBAL supply support for CSG-7 will be performed by FISC Yokosuka. FISC will retain all NAVICP/NAVSEA allowance quantities for DLR's for a periods of no less than two years from date of MOA. Excesses generated as a result of NAVICP allowance changes may be considered for excess reporting in accordance with FISC excess reporting procedures. CSG-7 will still be responsible for reporting configuration changes to NAVICP, to ensure logistics support updates in the OSISL.

4.0 RECOMMENDATIONS.

A partnership between CSG-7 and FISC Yokosuka would support the DOD / Navy TAV initiatives and COSBAL regionalization initiatives. It is recommended that FISC Yokosuka's Operational Support Inventory Stock List (OSISL) include CSG-7's COSBAL. This would reduce duplicative inventory held by CSG-7 by \$161,740, take advantage of FISC's inventory management expertise; and free up personnel for CSG-7 mission support.